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FISCAL IMPACT STATEMENT

LS 6927

BILL NUMBER: HB 1466

NOTE PREPARED: Dec 26, 2002

BILL AMENDED:

SUBJECT: Insurance Reimbursement Agreements.

FIRST AUTHOR: Rep. Frizzell

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that a physical therapist who agrees to certain terms and conditions of reimbursement is entitled to enter into an agreement with an insurer to provide services to individuals insured by the insurer.

Effective Date: July 1, 2003.

Explanation of State Expenditures: This bill adds physical therapists to the any willing provider language for accident and sickness insurance. This does not affect HMOs included on the state employee plan nor the traditional plan. Under ERISA the state traditional plan is exempt from this provision. However, the state voluntarily applies the provisions of IC 27 to the state traditional plan. Thus, depending upon administrative actions, the state traditional plan will likely include the physical therapist any willing provider language.

This provision would tend to increase health plan costs by making it more difficult to influence medical practice patterns and by reducing the plan's effectiveness in negotiating price discounts with medical providers. Even though the cost per provider (in-network vs. out-of-network) may be identical, the erosion of the ability of an insurer to control volume to its network providers reduces the ability of the insurer to control price. The extent of the effect on rates and associated health care costs is unknown.

The state may choose to absorb any additional costs of these provisions or to pass these costs on to employees in the form of higher deductibles, higher premiums, or by limiting other conditions covered.

Explanation of State Revenues:

Explanation of Local Expenditures: This bill adds physical therapists to the any willing provider language for accident and sickness insurance. This does not have any affect on HMOs or the state employee plan local unit group option. This will not increase expenditures unless an insurer has physical therapy as a listed benefit.

This provision would tend to increase health plan costs by making it more difficult to influence medical practice patterns and by reducing the plan's effectiveness in negotiating price discounts with medical providers. Even though the cost per provider (in-network vs. out-of-network) may be identical, the erosion of the ability of an insurer to control volume to its network providers reduces the ability of the insurer to control price. The extent of the effect on rates and associated health care costs is unknown.

It is unknown if local groups would absorb any additional costs resulting from this bill or pass the costs on to employees in the form of higher deductibles, higher premiums, or by limiting other conditions covered. Cost sharing of health benefit premiums varies widely by locality.

Explanation of Local Revenues:

State Agencies Affected: Potentially all depending upon administrative action.

Local Agencies Affected: Any local government or school corporation that purchases accident and sickness insurance for employees.

Information Sources:

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